

## Message Text

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14

ACTION EA-10

INFO OCT-01 EUR-12 IO-10 ISO-00 EB-07 CIAE-00 COME-00

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FM AMCONSUL MELBOURNE

TO SECSTATE WASHDC 2761

INFO AMEMBASSY CANBERRA

AMCONSUL SYDNEY

AMCONSUL BRISBANE

AMCONSUL PERTH

AMCONSUL PORT MORESBY

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TAGS ELAB, AS

SUBJ: AUSTRALIAN UNIONS APPROVE WAGE INDEXATION DECISION

REF: MELBOURNE 0521

1. AS REPORTED REFTEL APRIL 30TH AUSTRALIAN ARBITRATION AND CONCILIATION COMMISSION HANDED DOWN RULING WHICH RE-ESTABLISHED SYSTEM OF QUARTERLY REVIEW OF WAGES. RULING CONTAINED SEVERAL LIMITATIONS AND WAS PASSED AS DEVICE TO PREVENT FREQUENT AND EXCESSIVE WAGE DEMANDS AND STRIKES BY UNIONS, SUCH AS MARKED MUCH OF 1974 AND EARLY 1975.

2. SUBSEQUENTLY, COMMISSION HEARD APPLICATION FOR WAGE INCREASE FROM METAL WORKERS, WHICH WENT CONSIDERABLY BEYOND GUIDELINES ESTABLISHED BY APRIL THIRTY DECISION. PRESIDING JUDGE JOHN  
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MOORE HAS RESERVED DECISION IN METAL WORKERS' CASE, BUT IS

EXPECTED TO ANNOUNCE FINDINGS SHORTLY.

3. MEANWHILE, AUSTRALIAN COUNCIL OF TRADE UNIONS (ACTU), IS HOLDING REGULAR QUARTERLY MEETING OF NATIONAL EXECUTIVE AT PERTH, ACTU PRESIDENT HAWKE, MAY TWENTIETH, RELEASED POLICY STATEMENT ON WAGE INDEXATION, WHICH SUBSTANTIALLY ACCEPTS APRIL THIRTY RULING OF COMMISSION, BUT WITH IMPORTANT RESERVATIONS.

4. OBSERVERS, INCLUDING LABATT, FEEL ACTU NEW POLICY IS VICTORY FOR MODERATE FORCES, LED BY HAWKE WITHIN COUNCIL. HOWEVER, POLICY MEMORANDUM DRAFTED BY HAWKE PERSONALLY, AND READ TO LABATT LAST WEEK, ORIGINALLY CONTAINED NO REFERENCE TO CONCEPT OF COLLECTIVE BARGAINING, WHICH IS CONTENTIOUS WITHIN FRAMEWORK OF WAGE INDEXATION THEORY. DURING EXECUTIVE COUNCIL SESSION, CURRENTLY GOING ON, HAWKE WAS FORCED TO ACCEPT NEW LANGUAGE, WHICH EFFECTIVELY REINTRODUCES COLLECTIVE BARGAINING, AND PROVIDES POTENTIAL LOOPHOLE FOR RADICAL UNIONS TO CONTINUE TO CONTEST WHOLE IDEA OF PERIODIC WAGE REVIEW. PROPONENTS OF COLLECTIVE BARGAINING HAVE CHARACTERISED INDEXATION AS DISGUISED "WAGE RESTRAINT".

5. COMMENT:  
THIS DECISION OF ACTU OBVIOUSLY WAS REASON BEHIND JUDGE MOORE'S DELAY IN ANNOUNCING METAL WORKERS' DECISION. SINCE ACTU DECISION WAS UNANIMOUS ENDORSEMENT OF QUARTERLY WAGE INDEXATION IN PRINCIPLE, LABATT EXPECTS JUDGE MOORE TO THROW OUT METAL WORKERS DEMAND. LABATT EXPECTS MOORE WILL, AT SAME TIME, GRANT SPECIFIC INCREASES IN CERTAIN CATEGORIES WITHIN METAL TRADES, WHERE DISPARITY EXISTS BETWEEN METAL WAGES AND WAGES FOR SIMILAR WORK IN OTHER INDUSTRIES. MOORE SET STAGE FOR SUCH INCREASES IN APRIL THIRTY DECISION WHEN HE INDICATED COMMISSION WOULD HEAR ARGUMENT IN SO-CALLED "CATCH-UP" SITUATION. LABATT FEELS REAL TEST OF INDEXATION AND REAL TEST OF HAWKE'S ABILITY TO CONTROL ACTU WILL COME IN DAYS IMMEDIATELY FOLLOWING MOORE'S EXPECTED DECISION, WHICH WILL UNDOUBTEDLY BE REJECTED BY COMMUNIST-DOMINATED METAL TRADES LEADERSHIP. CONTEST WILL BE FOR SUPPORT AMONG METAL TRADES RANK AND FILE.  
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LABATT FEELS RANK AND FILE REGARD INDEXATION AS BETTER DEVICE TO SECURE INCOME STABILITY THAN THE CONSTANT STRIKE THREATS IMPOSED BY UNION LEADERSHIP.  
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## Message Attributes

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